

SB 217  
Elliott

## ELIMINATE THE "TAX TRACKER" FROM THE RATE REVIEW PROCESS

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The Tax Tracker is a method of allowing a utility company to have 100% of the property taxes it pays included in a Single Issue Rate Review case.

Imagine that the outcome of a Full Rate Review case is determined by a formula with five variables:

$$(X + Y) - Z \times (R + Q) = \text{ALLOWED RATE}$$

But these five variables are always changing, so when a Full Rate case is heard the fluctuations of the variables are captured in a snapshot of time:

$$(X + Y) - Z \times (R + Q) = \text{ALLOWED RATE}$$

The Tax Tracker allows for a Single Issue Rate Review, so the fluctuation in only one variable is taken into account:

$$(X + Y) - Z \times (R + Q) = \text{ALLOWED RATE}$$

This means that a company can file a Tax Tracker Rate Review when the Tax Tracker variable is at a point that is favorable to them, and not take any countervailing variables, which may not be in their favor, into account.

It also means that when the Tax Tracker variable is at a point where a review would increase their rates they can ignore it, not request a Single Issue Rate Review, and leave their rates the same.

In short, the utility files a Single Factor Rate Review case only when the review would benefit the utility. The increase in rate would then be passed directly to the captive customer, who has no choice of electricity supplier.

Distributed by Sen. Elliott